



Annual Report and Accounts

for the year ended

31st August 2021

Registered Company Number: 961616

Registered Charity Number: 309639

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Prep Schools Trust Schools and their Heads



Andrew Boyle



Christine Cook



Duncan Bailey



Susan McLean



Kate Martin

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2021

Legal and administrative information

Trustees:

Dr R D Townsend (Chairman)	T J Gibson
E Bottari	J C Pain
The Countess of Darnley	W H Pitman
W A Donger	J P Spencer
K Pryce	

Executive Board

Chief Executive:	T Beardmore-Gray
Director of Finance and Operations:	F Jefferis (until 31 Mar 21) N J McAvoy (from 1 Jun 21)
Director of Marketing:	J Fitzroy-Ezzy
HR Manager:	J Wareing

Biographies of the Trustees and Executive Board can be found on the Prep Schools Trust website.

Registered Office: 7 Cothill
Abingdon
Oxon
OX13 6JN

Company Number: 961616

Charity Number: 309639

Professional advisors

Auditor: Wenn Townsend
Chartered Accountants and Statutory Auditor
Oxford

Bankers: Barclays Bank plc
Oxford

Solicitors: Stone King LLP
Bath

Prep Schools Trust
Report of the Trustees (including the Strategic Report) (continued)
For the year ending 31st August 2021

Introduction from the Chairman of Trustees

It has been another eventful year for the Trust. I applaud all of our staff and our Trustees for their significant efforts and our collective success during such a challenging time. We are emerging from the pandemic as a stronger organisation and we are confident about our future. Our new name from 1 September 2021 articulates our mission as a group of distinctive prep schools, each retaining its own individual character. Our Trustees are firmly committed to pursuing our mission of providing excellent prep education as a charity. At a time when prep schools are considering how best to secure their future, Prep Schools Trust offers a modern and collegiate approach.



Dr Ralph Townsend

Message from the Chief Executive

Most of us in the education sector will remember 2021 as a year of heroic struggles by schools to deliver education for pupils in the midst of the pandemic. At Prep Schools Trust we can be proud of all that has been achieved across our schools in hugely difficult circumstances. We did not lose a single day of schooling during the year despite having to send pupils home again and revert again to online learning between the beginning of January and early March. Although the summer term could hardly be described as normal, our pupils were at least able to enjoy being at school and participate in many of the co-curricular activities that our schools offer. I would like to thank all of our staff for their adaptability and readiness to innovate for the benefit of our pupils.



2021 has been important for the Trust for many other reasons. We completed the sale of Chateau de Sauveterre to Downe House whilst retaining some access to the Chateau for Trust pupils in the summer term. We exchanged contracts for the sale of Ashdown House and have completed the sale since the year end. These transactions and a series of other restructuring initiatives have enabled us to repay all of the Trust's debt and move forward with a strong group of schools, each able to support their own development. Pupil numbers across our schools increased over the year and we have started in September 2021 with 10% more than the same time last year.

We are committed to investing judiciously in our schools to ensure that they are the best possible learning environments for all of our pupils. Prep schools operate with thin margins and we need to diversify our sources of income if we are to have adequate capital funding at our disposal. We are very grateful for the support that we are already receiving from parents towards some transformational developments.

Our staff are the Trust's most important asset and we are focusing more time and effort on their professional development. We want our staff to feel valued and proud of their schools and of the Trust. By focusing on professional development and collaboration across the group on best practice, we believe that Prep Schools Trust will be an organisation that other strong prep schools will want to join.

As a charity we want to provide access to the education we provide through the provision of bursaries. We also want to have a positive social impact upon the communities in which we operate. We have a strong track record in this area, but there is more that we can do. We are also paying close attention to the environmental footprint of our schools with many environmental initiatives being led by the pupils.

As all of the opportunities offered by the routines of normal school life return, we have much to look forward to as Prep Schools Trust. Our website is at <https://www.prepschoolstrust.org>.

Tom Beardmore-Gray

Prep Schools Trust
Report of the Trustees (including the Strategic Report) (continued)
For the year ending 31st August 2021

About us

Objectives and activities

Our mission is to deliver outstanding preparatory education and pastoral care as a family of schools, giving our pupils the opportunity, skills and confidence to prepare them for their future.

The Trust provides support and expertise to our schools in support of this mission. Our ethos is to celebrate individuality and the freedom of childhood; the best traditions of British primary education and deliver exceptional academic teaching and pastoral care as a family of schools.

Each school has its own unique personality but all our schools share consistent values: putting our pupils first; performing to the highest standards; pooling our strengths to collaborate and achieve more; innovating by anticipating change and adapting to it; and looking beyond the school gates to serve the wider local communities.

Most importantly, we prioritise the development of our pupils and we treat each pupil as an individual.

Involvement with local primary schools through the provision of teaching, shared facilities and specialist services is a further important aspect of the Trust's public benefit.

Structure, governance and management

Prep Schools Trust consists of five prep schools, Cothill House (All boys boarding 8-13+), Chandlings (Co-educational day nursery -11+), Kitebrook Preparatory (Co-educational day nursery -8+, day and boarding 8-13+), Mowden Hall School (Co-educational day nursery 3-13+, Co-educational boarding 8-13+) and Barfield School (Co-educational day 2-13) during the year.

Prep Schools Trust is governed by a Board of Trustees (see page 3 for details) who delegate management responsibility for our schools to the Chief Executive. The Board meets at least four times annually and is assisted by two sub committees, the Finance Committee and the Nominations Committee.

Each school has a Head Teacher responsible for day to day operations. Regular management meetings are held between the Head Teachers and the Chief Executive.

The Board of Trustees comprises experts in education and a range of professional disciplines. Many of our Trustees have sent their own children to Trust schools. Collectively they have a wide breadth of expertise, experience and knowledge.

Trustees are appointed in accordance with the Memorandum and Articles of Association.

The principal roles of the Trustees are:

- to set the Trust's strategy
- to monitor performance against key performance indicators
- to ensure the Trust has policies that provide adequate internal control and mitigate risk
- to maintain the financial stability of the Trust

Trustees' induction and training

Trustees are briefed on their obligations under charity and company law, the content of the Memorandum and Articles of Association, the Code of Governance, the decision making processes and the strategic plan. Trustees are encouraged to attend appropriate external training events where these will facilitate the performance of their role.

Each school has a Local Advisory Group made up of parents, the Head and chaired by a Trustee.

Prep Schools Trust
Report of the Trustees (including the Strategic Report) (continued)
For the year ending 31st August 2021

Our strategic pillars for 2021-22:

Excellence as a schools group	Sector leadership
Financial resilience	Modernising our school facilities and offerings

Our priorities and strategic direction

Our priorities for 2021/22, and beyond, are to ensure all pupils gain an outstanding preparatory education and pastoral care.

Strategic priorities 2021-2024

Diversification of income through some form of fundraising in every school and commercial activities

- Grow school fee income and surplus through pupil number growth in existing schools and acquiring new schools
- Refine services provided by Trust Office, thereby enabling the organisation to scale up in an orderly manner
- Invest in our estate, guided by condition surveys for maintenance and master plans for capital projects
- Become an employer of choice in the sector known for staff professional development, wellbeing and career opportunities within our group of schools

Strategic report

The Trustees present their report and the audited financial statements of the charity for the year ended 31st August 2021. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The directors of the charitable company are its Trustees for the purposes of charity law. The Trustees who have served during the year and since the year-end are listed on page 4.

The Board of Trustees sets the Trust's strategic direction and manages its operational performance in the way most likely to promote its long-term success for the benefit of its pupils through the provision of outstanding education. A key cornerstone of this is engagement with key stakeholders. Included within the points below are details of the Trust's engagement with the key stakeholder groups in the financial year.

The Trustees have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duties under S172.

Achievements and performance

Our performance and achievements can be measured against our 4 strategic pillars for 2020-21: Breadth of educational provision; Strong leaders, great teachers, committed support teams; Financial resilience; Adapting to the future needs of our parents and communities.

The decision was taken by Trustees at the December 2020 Board meeting to change the name of the Trust from The Cothill Trust to Prep Schools Trust from 1 September 2021. The new name better reflects the mission of the Trust to provide outstanding preparatory education. Comprehensive plans were made to enable the launch on 1st September including new branding, communicating with all stakeholders and informing legal and sector bodies.

Prep Schools Trust
Report of the Trustees (including the Strategic Report) (continued)
For the year ending 31st August 2021

Breadth of educational provision

Our schools continued to provide a broad ranging education to all our pupils despite the restrictions posed by COVID-19. A further lockdown from January - March 2021 meant online learning was resumed and the extensive nature of this and live lessons were well received by both pupils and parents. The usual extensive extra-curricular programme was curtailed during this period and Initiatives were put in place to support pupil wellbeing and encourage activities which were not desk based. These included live sports sessions, regular tutor sessions and project based activities. A number of pupils leaving each of our schools in July secured scholarships to their senior schools including a full music scholarship to Eton, a drama scholarship to St Edwards and two academic scholarships to Sherborne.

Strong leaders, great teachers, committed support teams

We launched an Aspiring leaders programme in January of this year with an external provider running a comprehensive programme including a series of online workshops on key topics. Staff were nominated and selected to take part from each of our schools. The CEO book group was held monthly with inspiring speakers presenting to senior leaders and discussions flowing on items high on the educational agenda.

Forums to share best practice and support staff in their roles continued online, including meetings for Heads, Deputy Heads, senior leaders, marketing and admissions staff and across subject leaders in our schools.

A Long Service Award scheme recognises staff commitment to the Trust and its school.

Staff wellbeing is an area that has been particularly important during the year and new initiatives have been put in place. For example, a series of workshops for Kitebrook staff and a chain of support has been developed as part of their wellbeing programme.

Financial resilience

A number of initiatives have been taken during the course of the year to significantly reduce the cost base of the Trust and enable financial transparency and accountability across the group. The Chief Executive's report outlines some of the main actions including the sale of Chateau de Sauveterre and Ashdown House.

Focus on marketing and admissions in schools has enabled us to begin the 2021-22 year with a 10% increase in pupils across our schools.

Fundraising has made excellent progress during the year with Cothill House running a very successful campaign for a new sports hall. They are near the target of £3.9m for this development with the aim of reaching the goal in the autumn. A campaign was launched at Kitebrook for a new astroturf which has got off to a good start, with 1/3 of its target reached in pledges to date.

Adapting to the future needs of our parents and communities

School strategy and developments have been focused on the needs of pupils and parents both now and in the future. This has been particularly challenging during COVID when parents have been unable to be in school in person and the usual interaction with staff has not been possible. Parent meetings online and communication from the school staff has been key during this time.

A major project was commissioned at Barfield School to convert the main school building which will enable new classrooms including a science lab and food tech facility. Some parts of the development were in use at the start of the academic year with the remainder completed by October half term 2021. Other minor infrastructure capital projects have also been undertaken in order to improve the schools' facilities.

Prep Schools Trust
Report of the Trustees (including the Strategic Report) (continued)
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Financial review

Prep Schools Trust applied its income received during the year to the cost of operating schools at Cothill House, Chandlings, Kitebrook, Mowden Hall and Barfield.

The results for the year are shown in the income and expenditure account on page 18.

The Trust produced a surplus for the year of £759k (2020: deficit of £(2,045)k).

Payroll costs were 69% of income (2020: 85%).

During the year £569k (2020: £640k) was spent on the repair and maintenance of Trust properties.

Significant events

The Trust sold Bishops House in December 2020 and the Chateau of Sauveterre in January 2021. Following this the Trust exchanged contracts on Ashdown House School in August 2021 and completed the sale on 4 October 2021. This has allowed the Trust to repay all its bank borrowings.

Public benefit and social responsibility

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

Educational

- The independent sector as a whole provides excellence in "challenging subjects".
- While nationally the number of children studying languages has declined, the Trust continues to teach all children modern foreign languages.
- All children are screened for Special Educational Needs. The provision of specialist support to those identified with needs is in itself a public good.
- The standards of the Trust's education are reviewed annually against national benchmarks and the Trust's educational provision exceeds those benchmarks.
- The Trust uses its own resources to recruit people into the teaching profession, then to induct and train them. They are actively assisted in achieving Qualified Teacher Status, which allows teachers to move to the maintained sector should they wish

Wider community and partnerships

- The Trust is constantly seeking new ways in which to deliver its charitable objects to a young public without regard to wealth, race, religion, social or academic status.
- The Trust's schools have developed and continued links with their local communities and schools in the maintained sector. Due to Covid restrictions, some of the usual activities have not been able to take place but these are all expected to resume in the academic year 2021/22.
- Partnerships and community engagement activities include:
 - In January 2021, Cothill House initiated #challengecothill to create a sense of community and connection whilst raising money for the UK's biggest food charity, FareShare. Pupils, as well as the school's 2.5k social media followers, were invited to submit dauntingly challenges for the Headmaster and staff to undertake each week. The community raised £16,625 which enabled FareShare to distribute up to 66,500 meals to vulnerable children, families and individuals;

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- Kitebrook has a community partnership with Evesham Abbey Trust, a charity that is restoring Evesham Abbey ruins for educational purposes. As part of the school outreach the Trust attended Kitebrook to deliver a Medieval Life at the Abbey workshop for Years 1-4;
- Kitebrook was opened up to the community December 2020 for a Christmas Fayre with a proportion of the profits given to charity;
- Barfield provided adventure sessions for local schools to enable 350 pupils to be given the opportunity to attend a team-building programme at their Three Peaks centre;
- Specialist teaching and shared professional development for staff in local primary schools, for example WISE Academies, Mowden Hall and Dry Sandford, Cothill;
- Access to facilities for pupils, for example Chandlings has developed links with Long Furlong School, enabling their Year 4, Year 5 and Year 6 pupils to have weekly swimming lessons at Chandlings swimming pool taught by Chandlings' specialist swimming teachers;
- Chandlings hosts the Newman Trust Summer Holiday residential for 22 Special needs children along with 37 Volunteers/Carers including use of boarding and school facilities;
- Enrichment days for local pupils, for example the year 3 adventure afternoon at Three Peaks, Barfield, annual Maths challenge at Mowden Hall, author and science events at Chandlings;
- Sporting events for local schools held at Chandlings working closely with the West Oxford and Abingdon School Partnership;
- Charity fundraising both in terms of money raised and resources provided, such as books donated by Chandlings to the local children's ward and sports equipment and books to Dry Sandford Primary school;
- Charity fundraising activities at our schools due to Covid restrictions and lockdowns the usual participation in charity fundraising hasn't been as active. The children and staff, however, have been encouraged to carry on in their own way which has included building birdhouses in aid of the Marine Conservation Society, selling handmade earrings to raise money for Great Ormond Street as well as virtually cycle 320 miles around the Grand Canyon to raise over £1000 for Crocodiles of the World;
- Community projects, in particular the Mowden Hall St James' Bells project;
- The Trust schools take an active part in local church life.

Financial and access

- Bursaries - It is important to us that access to the education we offer is not restricted to those who can afford our fees. The Trust has a bursary policy which is reviewed regularly by Trustees. The Trustees are committed to broadening access to the Trust's schools by offering means-tested financial support with the payment of school fees. Bursaries may be awarded in the form of a discount of up to 100% of the day tuition fees, depending on the financial circumstances of applicants.
- The Trust supported 38 families with financial help during the year.

Principal risks and uncertainties

Risk is assessed in terms of significant things which may prevent the Trust from achieving its strategic objectives. Consideration is given to the financial, operational, environmental and reputational impact on the delivery of the Trust's key objectives. The health, safety, welfare and safeguarding of the children in the Trust's care is paramount. The Trustees take this responsibility very seriously, ensuring its policies are appropriate and implemented in each school. The Trustees are aware of the financial risks associated with its activities and having invested heavily in improving schools with the support of bank finance are carefully seeking to supplement this through the sale of non-strategic Trust assets.

Risk management

The Trust has established systems which under normal conditions should allow these risks to be mitigated to an acceptable level in its day to day operations. Risk and Performance Assessments are carried out on a termly basis. Specific risks that have been considered are safeguarding, pupil numbers,

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cash flow, reputational issues, uncertain economic and political conditions arising from the uncertainty regarding the UK's exit from the European Union and the risks brought about by COVID-19. A traffic light system alerts Trustees to specific risks and direction of change as they arise and are mitigated.

Impact of COVID-19

During the academic year, Covid restrictions were in place and schools followed Department for Education and government guidelines and advice. In the Spring Term 2021, for the majority of the term, teaching was online as pupils were unable to attend school. A comprehensive online teaching programme for each year group including live lessons was undertaken and received excellent feedback from pupils and parents. Pupil wellbeing was also a priority with a comprehensive online programme in place including form tutor meetings, whole school assemblies, extracurricular and sporting initiatives. Parents were offered a discount on fees. The loss from the fee discount was offset by better than anticipated trading performance. In the summer term, schools were able to operate more normally and pupils resumed a proportion of the extra-curricular programme. Parents were able to come into schools for events such as sports days but in a lesser capacity than previously with health and safety measures in place.

Safeguarding

The Trustees are committed to the highest standards of promoting safeguarding and the welfare of the Trust's pupils. All staff receive appropriate training on an annual basis and are committed to ensure pupils are protected and enjoy a safe environment.

Reserves policy

The Trustees plan to borrow to invest in the development of the Trust, funding interest and loan repayments out of current income. As is the case with many schools and school groups the Trust has no free reserves (unrestricted reserves less tangible fixed assets and commitments) and it is not anticipated that free reserves will be available in the near future should planned capital expenditure proceed. Reserves are monitored termly by reference to cash flows projected to the end of the academic year and then for a further three years. The long term aim is to increase reserves to have half a term's worth of expenditure.

Investment policy

The Trust holds no permanent endowment but any temporary surplus cash is held on short term deposits to secure a high rate of interest.

Plans for future periods

The Trust will continue to develop its schools in accordance with its charitable objectives. The Trust is committed to playing an active role in the wider community and in particular its involvement with local primary schools. Further, the Trust will continue to seek opportunities for strategic acquisitions and mergers with other similar educational establishments in order to fulfil its objectives.

Charitable and company status

The Prep Schools Trust is a company which does not have share capital and is limited by the guarantee of the members to a maximum of £1 each. The membership at 31st August 2021 was 9 (2020: 9). The Trust is governed by the Memorandum and Articles of the company.

Employees

The Trust's long-term success is reliant on the commitment and delivery of our strategy by our workforce and its consistent demonstration of our values. To maintain competitive advantage and meet the growing demands of the environment in which we operate, we need a workforce which embodies our commitment to provide outstanding education and pastoral care to our pupils to provide them with the opportunity, skills and confidence to have a successful future. We engage with our workforce through individual appraisals, team meetings and feedback sessions to ensure that we are fostering an environment that

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they are happy to work in and that best supports their well-being. We invest in our workforce as we believe both that training benefits the individual and the Trust and that such investment helps to retain our employees and provide them with the opportunity for personal development.

As part of our response to Covid-19 the senior management teams and Health and Safety and HR representatives have met regularly to consider what actions and communications have been needed to safeguard our employees' physical and mental well-being. Government guidance has been monitored, followed and any necessary steps implemented both in office and factory environments to minimise risks to employees.

The policy of the Trust with regard to disabled persons is to give full and fair consideration to all applicants for employment and to all employees in relation to promotion. Wherever possible, employees who become disabled during their employment are offered suitable alternative employment.

Fundraising Activities

The Trust continued to enlist the support of a Development Director during the year to raise funds on behalf of the organisation to invest in the development of Trust schools through liaising with school alumni, current and former parents, and other stakeholders. Their work was monitored and guided by the Executive Board in regular meetings. The Trust is registered with the Fundraising Regulator and is committed to following the Code of Fundraising Practice. No complaints were received by the Trust regarding these fundraising activities.

Key Management Personnel Remuneration

The Trustees consider the Chief Executive, the Director of Finance and Operations, the Director of Marketing, HR Manager and Head of each Trust School as comprising the key management personnel of the charity in charge of directing and controlling the charity on a day to day basis. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in notes 9 and 21 to the accounts.

Trustees are required to disclose all relevant interests and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises. The pay of the Chief Executive and senior leadership team is reviewed annually.

Engagement with suppliers, customers and others in a business relationship

- **Customers:** In a highly competitive environment success depends on meeting customer needs and requirements more effectively than our competitors. We therefore recognise the benefits of engagement with our parent communities to keep them abreast of developments in their schools and across the Trust.
- **Suppliers:** Our suppliers help us to provide high quality educational services and comply with regulatory requirements. The Trust relies on its supplier base to deliver products and services on time and to the specified quality and standard.

Environmental Social and Governance

The Prep Schools Trust has developed its Environmental and Sustainability Statement which outlines the Trust's aim to provide the highest quality of education for pupils in a way that minimises the impact upon the environment. Prep Schools Trust is committed both to its staff leading by example and to educating its pupils about environmental and sustainability issues whilst implementing measures across its facilities. Each school have devised their own policies and objectives and continue to develop local initiatives to support these.

During the reporting year 2020-21 a range of energy efficiency actions were implemented to the facilities including the following:

- Carried out an audit review of usage at each of the schools and piloted a study at Barfield School to identify areas of energy reduction.

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Report of the Trustees (including the Strategic Report) (continued)
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- Constructed a new roof to the main school building at Barfield School with appropriate insulation.
- Refurbished windows in the new Science Lab and Food Technology Room at Barfield School.
- Replaced 14 sash windows in the main building at Kitebrook School.
- Continued with the phased replacement of LED lighting and implementation of motion sensors.
- Designed the Sports Hall at Cothill House School to meet BREAM requirements including solar PVs.

An action plan to reduce emissions over the coming year includes the continuation of a phased programme of replacement LED lighting and improvements to the isolation of the buildings through improvements to windows, doors and roof spaces.

Greenhouse gas emissions, energy consumption and energy efficiency

Emissions of carbon dioxide equivalent during the year ended 31st August 2021 (CO₂e (tonnes)) were as follows:

	2021	2020
Combustion of Gas (natural and LPG)	1,542.34	1,332.53
Consumption of fuel for the purposes of Transport	33.19	17.66
Consumption of Oils for Heating and Hot water	630.31	660.60
Purchase of Electricity	263.98	434.66
Use of Water	10.48	89.10
Total	2,480.30	2,534.56
Number of Pupils	1,165	1,168
Intensity ratio (Total/Pupil numbers)	2.13	2.17

The largest proportion of energy use and associated emissions arise from gaseous fuel combustion, primarily for heating and hot water as expected. The second largest proportion of energy use and associated emissions arises from electricity usage, primarily for lighting, kitchen equipment and IT.

The Trust continues to enlist the services of an external contractor to identify and advise up on options for energy efficiencies in the schools to improve this intensity ratio further.

Third party indemnity provisions

The Trust has in place directors' and officers' liability insurance for the purpose of indemnifying the Trustees against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. This insurance was in force during the year, and is in force as at the date of approving this report.

Statement of Trustees responsibilities

The Trustees (who are also directors of Prep Schools Trust for the purposes of company law) are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;

Prep Schools Trust
Report of the Trustees (including the Strategic Report) (continued)
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- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

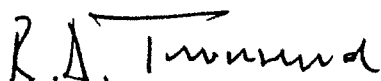
In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In approving the Trustees' Annual Report, the Trustees also approve the Strategic Report included therein, in their capacity as company directors.

Signed on behalf of the Board



Dr R D Townsend

Chairman of the Trustees

8th December 2021

Prep Schools Trust

Independent Auditor's Report to the members of Prep Schools Trust

Opinion

We have audited the financial statements of Prep Schools Trust (the 'charitable company') for the year ended 31st August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Prep Schools Trust

Independent Auditor's Report to the members of Prep Schools Trust (continued)

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims;
- Enquiry of entity staff in accounting and HR functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Performing detailed audit work over the risk of timing issues within the recognition of both fee and non-fee income and the override of controls in this area by management, in particular with regards to fee concessions awarded. This included full reconciliations of fee income recognised compared to student numbers and fee rates, as well as detailed substantive testing of concessions awarded on fees, and non-fee income arising in the period.

Prep Schools Trust

Independent Auditor's Report to the members of Prep Schools Trust (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Deborah Pluck BA FCA (Senior Statutory Auditor)

**For and on behalf of Wenn Townsend, Chartered Accountants, Statutory Auditor
Oxford**

8. December 2021

Prep Schools Trust

**Statement of Financial Activities (including income and expenditure account)
for the year ended 31st August 2021**

	Note	Continued Operations £'000	Discontinued Operations £'000	Unrestricted Funds £'000	Restricted Funds £'000	2021 Total £'000	Continued Operations £'000	Discontinued Operations £'000	2020 Total £'000
Income and endowments from:									
Income from charitable activities									
Fees	2	16,006	-	16,006	-	16,006	15,313	1,602	16,915
Other educational income	3	1,046	-	1,046	-	1,046	784	148	932
Ancillary income	4	158	-	158	-	158	210	1	211
Donations and grants	5	186	61	247	1,449	1,696	1,314	120	1,434
Other income									
Gain on disposal of property	11	101	-	101	-	101	12	-	12
Total income		<u>17,497</u>	<u>61</u>	<u>17,558</u>	<u>1,449</u>	<u>19,007</u>	<u>17,633</u>	<u>1,871</u>	<u>19,504</u>
Expenditure on:									
Raising funds									
Overdraft and loan interest and fees		112	-	112	-	112	139	-	139
Fee composition discount		10	-	10	-	10	13	-	13
Other development costs		60	-	60	-	60	8	-	8
Charitable activities									
Other expenditure	6	16,878	605	17,483	4	17,487	18,552	2,852	21,404
Loss on disposal of property	11	-	564	564	-	564	-	-	-
Total expenditure		<u>17,060</u>	<u>1,169</u>	<u>18,229</u>	<u>4</u>	<u>18,233</u>	<u>18,712</u>	<u>2,852</u>	<u>21,564</u>
Net income/(expenditure)		<u>437</u>	<u>(1,108)</u>	<u>(671)</u>	<u>1,445</u>	<u>774</u>	<u>(1,079)</u>	<u>(981)</u>	<u>(2,060)</u>
Other recognised (losses)/gains		(15)	-	(15)	-	(15)	15	-	15
Net movement in funds		<u>422</u>	<u>(1,108)</u>	<u>(686)</u>	<u>1,445</u>	<u>759</u>	<u>(1,064)</u>	<u>(981)</u>	<u>(2,045)</u>
Reconciliation of funds									
Balances brought forward at 1 st September 2020				32,403	931	33,334			35,379
Balances carried forward at 31 st August 2021				<u>31,717</u>	<u>2,376</u>	<u>34,093</u>			<u>33,334</u>

The Statement of Financial Activities includes all gains and losses recognised during the year.

Prep Schools Trust

Balance Sheet
31st August 2021

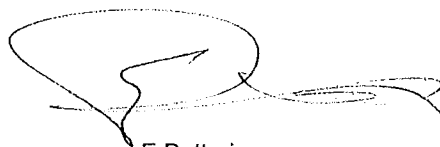
		2021 £'000	2020 £'000
	Note		
Fixed assets			
Tangible assets	11	34,086	41,116
Investments	12	-	-
		<u>34,086</u>	<u>41,116</u>
Current assets			
Stock	13	82	88
Debtors	14	6,152	623
Cash at bank and in hand		2,345	954
		<u>8,579</u>	<u>1,665</u>
Creditors: Amounts falling due within one year	15	<u>(7,931)</u>	<u>(8,784)</u>
Net current assets/(liabilities)		<u>648</u>	<u>(7,119)</u>
Total assets less current assets/(liabilities)		<u>34,734</u>	<u>33,997</u>
Creditors: Amounts falling due after one year	16	<u>(641)</u>	<u>(663)</u>
Net assets		<u><u>34,093</u></u>	<u><u>33,334</u></u>
Funds			
Unrestricted funds			
Revaluation reserve	19	15,619	17,926
Income and expenditure account	19	16,068	14,447
Designated fund	19	30	30
		<u>31,717</u>	<u>32,403</u>
Restricted funds			
Restricted donations	19	<u>2,376</u>	<u>931</u>
		<u><u>34,093</u></u>	<u><u>33,334</u></u>

The financial statements were approved and authorised by the Board on 8th December 2021.

Signed on behalf of the Board



Dr R D Townsend
Trustee



E Bottari
Trustee

The notes on pages 21 to 32 form part of these financial statements.

Prep Schools Trust
Cash Flow Statement
for the year ended 31st August 2021

Reconciliation of net income to net cash inflow from operating activities:

	2021 £'000	2020 £'000
Net income for year	774	(2,060)
Interest payable	112	139
Impairment/depreciation of tangible fixed assets	559	621
Loss/(profit) on disposal of tangible fixed assets	463	(12)
Decrease/(increase) in stocks	6	(17)
Decrease/(increase) in debtors	348	(152)
Increase in accrued income for sale of property	(5,877)	-
Increase/(decrease) in creditors	225	(570)
New fees in advance	29	262
Fees in advance applied in year	(300)	(360)
Fee composition discount	10	13
(Losses)/gains arising from changes in foreign exchange rates	(15)	15
Cash flow from operating activities	(3,666)	(2,121)
Cash flow from investing activities		
Payments to acquire tangible fixed assets	(763)	(284)
Receipts from sale of tangible fixed assets	894	22
Amounts receivable from sale of tangible fixed assets	5,877	-
Net cash flow from investing activities	6,008	(262)
Cash flow from financing activities:		
Interest paid	(122)	(152)
Net cash flow from financing activities	(122)	(152)
Increase/(decrease) in cash and cash equivalents	2,220	(2,535)
Cash and cash equivalents at 1st September 2020	(3,771)	(1,236)
Cash and cash equivalents at 31st August 2021	(1,551)	(3,771)
Cash and cash equivalents consist of:		
Cash at bank and in hand	2,345	954
Overdrafts	(3,896)	(4,725)
Cash and cash equivalents at 31st August 2021	(1,551)	(3,771)

Prep Schools Trust
Notes to the Accounts
for the year ended 31st August 2021

1. Summary of significant accounting policies

General information and basis of preparation

Prep Schools Trust is a charitable company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are included in the Trustees' Report.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with:

- Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019;
- The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- The Charities Act 2011;
- The Companies Act 2006; and
- UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £000.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The Trust identifies each school as representing a separate geographical area of operations. As such, in the event of the closure of a school, this is considered to be a discontinued operation. Ashdown House closed during the prior year. The income and expenditure directly attributable to this site is disclosed as discontinued operations on the face of the SOFA in accordance with the requirements of section 5 of FRS 102.

Funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Prep Schools Trust

Notes to the Accounts (continued) for the year ended 31st August 2021

1. Summary of significant accounting policies (continued)

Income recognition (continued)

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure. No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

The charity receives government grants in respect of the Coronavirus Job Retention Scheme. These grants are recognised using the accrual model and as such are recorded in the SoFA in the period in which the charity is entitled to such grants as a result of having furloughed staff members.

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes of interest paid and fee composition discounts;
- Expenditure on charitable activities includes the operating costs of the schools in the Trust; and
- Other expenditure represents those items not falling into the categories above.

VAT is charged as an expense against the activity for which expenditure arose.

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is included in note 6.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Land, historic and residential buildings	Nil
Freehold buildings – school buildings/additions	2% Straight line
Assets under the course of construction	Nil
Computer equipment	14-33.33% Straight line
Other equipment, fixtures and fittings	5-20% Straight line
Vehicles	10-25% Straight line

Investments

Investments in subsidiaries are measured at cost less impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Prep Schools Trust

Notes to the Accounts (continued) for the year ended 31st August 2021

1. Summary of significant accounting policies (continued)

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Going concern

The continuing uncertainties arising from the COVID-19 pandemic has necessitated a review of the application of the going concern basis in these accounts. The Trustees have considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern for the reasons disclosed below.

The Trust took steps to dispose of Sauveterre and Bishops House during the year (note 11). In addition, the sale of Ashdown House after the year-end has significantly improved the borrowings profile of the Trust. This, along with the subsequent improvements to forecasted income and expenditure in future periods, provides the Trustees with sufficient confidence to assert that the Trust has sufficient reserves to continue in operation for 12 months from authorising these financial statements.

Group accounts

The Charity does not prepare group accounts as its subsidiary entities are deemed immaterial to the group.

Prep Schools Trust

**Notes to the Accounts (continued)
for the year ended 31st August 2021**

2. School fees

	2021 £'000	2020 £'000
Fees	17,311	19,206
Discounts and awards	(1,305)	(2,291)
	<u>16,006</u>	<u>16,915</u>

None of the above income was attributable to restricted funds in either period.

3. Other educational income

	2021 £'000	2020 £'000
Music tuition and associated income	324	333
Extra tuition	216	155
Occasional boarding and summer lets	233	278
Other income	273	166
	<u>1,046</u>	<u>932</u>

None of the above income was attributable to restricted funds in either period.

4. Ancillary income

	2021 £'000	2020 £'000
Other income	158	211
	<u>158</u>	<u>211</u>

None of the above income was attributable to restricted funds in either period.

5. Donations and grants

	2021 £'000	2020 £'000
Donations	1,461	252
CJRS grants	174	1,106
Other grants	61	76
	<u>1,696</u>	<u>1,434</u>

Donations include £1,449k (2020: £247k) attributable to restricted funds.

Prep Schools Trust

Notes to the Accounts (continued)
for the year ended 31st August 2021

6. Charitable activities

	Staff costs £'000	Other costs £'000	2021 Total £'000	2020 Total £'000
Teaching	9,454	810	10,264	13,015
Welfare	1,101	1,089	2,190	2,915
Premises	547	2,084	2,631	2,652
Support costs of education	1,511	891	2,402	2,822
	<u>12,613</u>	<u>4,874</u>	<u>17,487</u>	<u>21,404</u>

£4k (2020: £2k) of the above expenditure was attributable to restricted funds.

The major components of support costs include:-

	2021 £'000	2020 £'000
Administrative staff costs	1,482	1,644
Postage, stationery, telephone and other administrative costs	245	216
Advertising for staff and promotion	170	172
Bad debts	6	91
Legal and professional fees	344	586
Recruitment fees	99	49
Bank charges	4	16
Governance costs (see note 7)	52	48
	<u>2,402</u>	<u>2,822</u>

7. Governance costs

	Staff costs £'000	Other costs £'000	2021 Total £'000	2020 Total £'000
Staff	29	-	29	26
Audit	-	23	23	22
	<u>29</u>	<u>83</u>	<u>52</u>	<u>48</u>

Prep Schools Trust
Notes to the Accounts (continued)
for the year ended 31st August 2021

8. Staff costs and employee benefits

	2021	2020
	£'000	£'000
Staff costs		
Wages and salaries	10,662	13,862
Social security costs	876	1,132
Pensions	1,075	1,504
	<u>12,613</u>	<u>16,498</u>

	2021	2021	2020	2020
	FTE	Number	FTE	Number
Average number employed including Trustees:				
Trustees	9	9	10	10
Teachers	230	347	245	368
Household	67	110	100	137
Administration	56	70	48	68
	<u>362</u>	<u>536</u>	<u>403</u>	<u>579</u>

Number of employees who received total employee benefits (excluding employer pensions costs) of more than £60,000 is as follows:

	2021	2020
£ 60,001 - £ 70,000	2	2
£ 70,001 - £ 80,000	-	1
£ 80,001 - £ 90,000	1	1
£ 90,000 - £100,000	-	1
£100,000 - £110,000	1	2
£110,001 - £120,000	1	-
£150,001 - £160,000	-	1
£160,001 - £170,000	-	-
£170,001 - £180,000	1	-
	<u>1</u>	<u>-</u>

Total termination payments during the year amount to £249k (2020: £1,096k). These are recognised in expenditure when settlement agreements are reached.

Pension schemes

The Trust participates in the Aviva Pension Trust for Independent Schools ("APTIS") for its teaching staff. The pension charge for the year includes contributions payable to APTIS of £906k (2020: £1,199k).

APTIS is a defined contribution pension scheme developed by Aviva in association with the Independent Schools' Bursars Association. Members contribute on a "pay as you go" basis with contributions also made by the Trust.

Non-teaching staff are offered membership of defined contribution pension schemes. The pension charge for the year includes contributions of £169k (2020: £305k).

Prep Schools Trust

Notes to the Accounts (continued) for the year ended 31st August 2021

9. Trustees and key management personnel remuneration and expenses

The Trustees neither received nor waived any remuneration during this or last year.

The total amount of employee benefits received by key management personnel is £1,048k (2020: £953k). The Trustees consider its key management personnel during the period comprised the Board of Trustees, the Chief Executive, the Director of Finance and Operations, and the Head of each Trust school.

Four Trustees were reimbursed for travel expenses totalling £1,051 (2020: five reimbursed for travel expenses totalling £1,542) during the year.

10. Net resources expended

		2021 £'000	2020 £'000
Results for the year are stated after charging:			
Depreciation:	owned assets	559	621
Auditor's fees:	audit work	23	22
	non-audit work	6	38
Operating leases:	equipment	12	21
	motor vehicles	71	94
Net loss/(gain) on foreign currency translations		<u>15</u>	<u>(15)</u>

Prep Schools Trust

Notes to the Accounts (continued)
for the year ended 31st August 2021

11. Tangible fixed assets

	Vehicles £'000	Computers £'000	Fixtures, Fittings & Equipment £'000	Freehold Land & Buildings £'000	Assets under the course of construction £'000	Total £'000
1st September 2020	223	402	2,088	45,208	148	48,069
Additions	-	14	106	6	637	763
Disposals	(26)	(104)	(443)	(9,129)	-	(9,702)
Reallocation	-	-	-	54	(54)	-
31st August 2021	197	312	1,751	36,139	731	39,130
Depreciation and impairments						
1st September 2020	138	214	1,351	5,250	-	6,953
Depreciation	16	57	91	395	-	559
Disposals	(26)	(68)	(390)	(1,984)	-	(2,468)
31st August 2021	128	203	1,052	3,661	-	5,044
Net book value						
31st August 2021	69	109	699	32,478	731	34,086
31st August 2020	85	188	737	39,958	148	41,116

The Trustees elected, in accordance with Section 35.10(d) of FRS 102, to use the carrying value on 1 September 2014, the date of transition to FRS 102, of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost and it is the company's policy not to revalue fixed assets. The surplus of a previous revaluation over cost had been credited to a revaluation reserve which now stands at £15.6m (Note 19). The original purchase price (historic cost) is £14.4m.

Tangible fixed assets with a net book value of £6,642k (2020: £6,642k) have been pledged as security for liabilities of the charity.

Two properties were sold by the Trust during the year (2020: no properties sold). In January 2021, the Trust transferred Sauveterre to Downe House for consideration of €200k resulting in a loss on disposal of £414k. As part of the sale, the Trust has an agreement with Downe House for its pupils to have access to Sauveterre for a minimum of 40 pupils in the Summer Term for the next three years. The Trust also sold Bishops House in Dry Sandford during the year for £732k resulting in a surplus on disposal of £90k.

In August 2021, the Trust exchanged contracts to sell Ashdown House with the sale completing in October 2021. Consideration for the sale less costs of completion of £5.9m is included within accrued income (note 14), resulting in a loss on disposal of £151k being recognised in the financial statements.

Four motor vehicles were sold by the Trust for £3k resulting in a surplus on disposal of £2k (2020: two motor vehicles were sold by the Trust for £19k resulting in a surplus on disposal of £11k).

No impairments were recognised in the financial statements (2020: no impairments).

Prep Schools Trust

**Notes to the Accounts (continued)
for the year ended 31st August 2021**

12. Fixed asset investments

	Unlisted Investments
Cost	
At 1st September 2020 and 31st August 2021	£ 2
	<u>2</u>
Provision against diminution of value	
At 1st September 2020 and 31st August 2021	£ 2
	<u>2</u>
Net book values	
At 31st August 2021	£ -
	<u>-</u>
At 31st August 2020	£ -
	<u>-</u>

The Trust owns 100% of the allotted share capital of the following undertakings:

	Country of registration	Class of share capital held	Nature of business	Capital and reserves at 31st August 2021 £	Profit for year ended 31st August 2021 £
CET Estates Limited	England and Wales	Ordinary	Dormant	(1,184)	-
PST Enterprises Limited	England and Wales	Ordinary	Events	54,760	73,781

13. Stocks

	2021 £'000	2020 £'000
Stock - consumables	82	88

14. Debtors

	2021 £'000	2020 £'000
Trade debtors	34	215
Other debtors	5,883	346
Prepayments and accrued income	235	62
	<u>6,152</u>	<u>623</u>

Other debtors include accrued income for the consideration less costs of completion for the sale of Ashdown House School of £5.995m which completed in October 2021.

Prep Schools Trust

**Notes to the Accounts (continued)
for the year ended 31st August 2021**

15. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Bank overdraft and loan facility	3,896	4,725
Trade creditors	3,307	2,652
Other taxation and social security	224	277
Other creditors	262	407
Accruals and deferred income	242	723
	<u>7,931</u>	<u>8,784</u>

Trade creditors include £2,513k (2020: £2,099k) in respect of fees received in advance for Autumn 2021 term, and £107k (2020: £164k) for the following Spring and Summer terms. The bank loan facility and overdraft are secured - see note 17 for details.

16. Creditors: amounts falling due after one year

	2021	2020
	£'000	£'000
Other creditors	641	663
	<u>641</u>	<u>663</u>

Other creditors include £42k (2020: £188k) for fees received in advance for academic years 2021/22 onwards under the fees in advance scheme.

17. Bank overdraft, loan facility and loans

The bank overdraft facility of £5.5m has an interest rate of Libor plus 2.50%. This was repaid following the sale of Ashdown House on 4th October 2021.

The Trust's bank borrowings are secured by a debenture and fixed charge over some of its UK freehold property and land.

18. Deferred income under the fees in advance scheme

During the year fees amounting to £29k (2020: £262k) were received in advance for pupils for future years. Fees released to income amounted to £300k (2020: £360k), and no amounts (2020: no amounts) were refunded to parents. Fee composition discounts of £10k (2020: £13k) were charged to expenditure.

All amounts owing at 31st August 2021 are shown as liabilities in notes 15 and 16.

Prep Schools Trust

Notes to the Accounts (continued) for the year ended 31st August 2021

19. Funds

	Restricted donations fund £'000	Designated fund £'000	Revaluation reserve £'000	Income and expenditure £'000	Total 2020 £'000
At 1 st September 2019	686	30	18,019	16,644	35,379
Surplus/(deficit) for the year	245	-	-	(2,290)	(2,045)
Transfers between funds	-	-	(93)	93	-
At 31 st August and 1 st September 2020	931	30	17,926	14,447	33,334
Surplus/(deficit) for the year	1,445	-	-	(686)	759
Transfers between funds	-	-	(2,307)	2,307	-
At 31 st August 2021	2,376	30	15,619	16,068	34,093

The restricted donations fund balance carried forward includes monies raised for a sports hall at Cothill (£2,357k).

The designated fund balance includes income in 2018 from Varsity Summer School which has been earmarked for the sports hall project at Cothill.

20. Analysis of net assets between funds

	Restricted donations fund £'000	Designated fund £'000	Revaluation reserve £'000	Income and expenditure £'000	Total 2021 £'000
Fund balances at 31 st August 2021 are represented by:					
Tangible fixed assets	120	-	15,619	18,347	34,086
Net current assets/(liabilities)	2,256	30	-	(1,638)	648
Long term liabilities	-	-	-	(641)	(641)
At 31 st August 2021	2,376	30	15,619	16,068	34,093
	Restricted donations fund £'000	Designated fund £'000	Revaluation reserve £'000	Income and expenditure £'000	Total 2020 £'000
Fund balances at 31 st August 2019 are represented by:					
Tangible fixed assets	83	-	17,926	23,107	41,116
Net current assets/(liabilities)	848	30	-	(7,997)	(7,119)
Long term liabilities	-	-	-	(663)	(663)
At 31 st August 2020	931	30	17,926	14,447	33,334

Prep Schools Trust

Notes to the Accounts (continued) for the year ended 31st August 2021

21. Related party transactions

Mr T Beardmore-Gray, Chief Executive, is a Trustee of the Prep School Baccalaureate. During the year to 31st August 2021, payments made to the Prep School Baccalaureate amounted to £3,200 (2020: £1,835). A balance of £3,500 was outstanding at the year end (2020: £3,200). He is also a Director of the Association of Governing Bodies of Independent Schools. During the year to 31st August 2021, payments made to the Association of Governing Bodies of Independent Schools amounted to £1,440 (2020: £680). A balance of £75 was outstanding at the year end (2020: £nil).

Mr T Gibson, a Trustee, is a Director of Gibson & Co Solicitors Limited. During the year to 31st August 2021, payments made to Gibson & Co Solicitors Limited amounted to £nil (2020: £2,484). No amounts were outstanding at the year end (2020: £nil).

Mr W Donger (Trustee) and Mr J Marking (former Trustee) were directors of Savills during the prior year. During the year to 31st August 2021, payments made to Savills amounted to £2,400 (2020: £10,903). No amounts were outstanding at the year end (2020: £nil).

Mr D Bailey, Head of Cothill House, is a Governor of Tudor Hall School. During the year to 31st August 2021, payments totalling £18,100 were made to Tudor Hall School (2020: £11,160). No amounts were outstanding at the year end (2020: £5,867).

22. Leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

Expiring:

	2021 £'000	2020 £'000
Within one year	68	99
Within two and five years	56	117
	<u>124</u>	<u>216</u>

23. Future capital commitments

	2021 £'000	2020 £'000
Expenditure authorised and contracted for	<u>385</u>	<u>-</u>